

Small Business Emergency Loan Application Instructions



Disaster Event: COVID-19
Application Deadline: August 31, 2020

PURPOSE: The State of Illinois is attempting to stop the spread of COVID-19 through self-isolation and social distancing. This is severely harming small businesses, which rely so heavily on foot traffic. In an effort to assist small businesses, the city of Quincy is establishing a \$500,000 account to fund emergency low-interest loans to help bridge the gap to either longer term Small Business Administration (SBA) loans or commercially available loans. Qualifying small businesses located within the city could receive up to \$10,000 to help them get through these difficult times. SBE-LF monies will be offered on a first-come, first-serve basis until all funds are dispersed.

ELIGIBILITY REQUIREMENTS: In order to qualify for a SBE-LF, the business must:

- Be for-profit and privately held.
- Be located within the corporate limits of the city of Quincy.
- Be located outside of the personal residence of any owner.
- Have been established prior to January 1, 2020.
- Have no fewer than 2 and no more than 50 employees.
- Be able to demonstrate economic injury as a result of COVID-19.
- Not have any outstanding loans from the city of Quincy.

Properties/units used solely for residential purposes are not eligible. Such purposes include, but are not limited to, single-family, two-family and multi-family residences.

Businesses operating out of a mixed-use building (residential & commercial) are eligible for the program. The residential units in the building are not eligible for the program.

TERMS OF THE LOAN

- A. The term of the City of Quincy's SBE-LF will be 18 months.
- B. The interest rate will be 1.0% annually.
- C. The first payment to the city can be made at anytime, no later than six months after the start of the Loan Agreement.
- D. Payments must be made on the same date in each subsequent month, immediately following the month in which the first payment is made.
- E. Other standard loan terms common to the industry.
- F. Example of Monthly Amortization Schedule for a \$10,000 loan:

Amortization Schedule

Payment Date	Payment	Principal	Interest	Total Interest	Balance
Nov 2020	\$837.85	\$829.52	\$8.33	\$8.33	\$9,170.48
Dec 2020	\$837.85	\$830.21	\$7.64	\$15.98	\$8,340.27
Jan 2021	\$837.85	\$830.90	\$6.95	\$22.93	\$7,509.36
Feb 2021	\$837.85	\$831.60	\$6.26	\$29.18	\$6,677.77
Mar 2021	\$837.85	\$832.29	\$5.56	\$34.75	\$5,845.48
Apr 2021	\$837.85	\$832.98	\$4.87	\$39.62	\$5,012.49
May 2021	\$837.85	\$833.68	\$4.18	\$43.80	\$4,178.82
Jun 2021	\$837.85	\$834.37	\$3.48	\$47.28	\$3,344.45
Jul 2021	\$837.85	\$835.07	\$2.79	\$50.07	\$2,509.38
Aug 2021	\$837.85	\$835.76	\$2.09	\$52.16	\$1,673.62
Sep 2021	\$837.85	\$836.46	\$1.39	\$53.55	\$837.16
Oct 2021	\$837.85	\$837.16	\$0.70	\$54.25	\$0.00

REQUIRED DOCUMENTATION

- A. 2019 Federal Business Income Tax Return (if filed). If not filed, a year-to-date profit and loss statement as of 12/31/19.
- B. Employer Tax Documentation.
 - a. IRS Form W-2s and/or IRS Form 1099-MISC (for minimum of two employees).
- C. The previous 12 months of ST1 Forms (Illinois Sales Tax).
- D. 2019 (if filed) and 2018 Federal Individual Income Tax Return (if fewer than 12 months of ST1 forms available).
- E. Personal Financial Statements.
- F. Current balance sheet for the business.
- G. A completed IRS Form W-9. In order for the city to disperse loan funds a completed W-9 (Request for Taxpayer Identification Number and Certification) needs to be submitted with a loan application.
- H. Additional documents required:
 1. If your business is a **corporation** a resolution from the board of directors approving the loan and confirming the name of the party that will sign on behalf of the corporation. (See example of Memorandum of Action of Directors on page 5).
 2. If your business is a **limited liability company (LLC)** the Operating Agreement for the LLC. (See an example on page 6).
 3. If your business is a **partnership** a copy of the partnership agreement and the names and addresses of each partner.
- I. Additional financial documentation may be required.

On all documents black out social security numbers, tax id numbers and birth dates

ACCEPTABLE USES OF THE LOAN: Funds received from the SBE-LF can only be used for the following purposes:

- A. Employee Wages and/or Benefits
- B. Business-Related Supplies
- C. Rent/Mortgage for Location of Business
- D. Utilities for Location of Business
- E. Insurance for Business

UNACCEPTABLE USES OF THE LOAN: Funds from the SBE-LF cannot be used for the following purposes:

- A. Employer Wages and/or Benefits

- B. Personal Expenses of Employer
- C. Debt Incurred Prior to March 9, 2020, except for rent/mortgage payments. Debt incurred prior to March 9, 2020 may be approved by the committee if deemed necessary to the survival of the business.
- D. Construction, Remodeling, or Renovations

REVIEW COMMITTEE

A SBE-LF program will use the existing Central Business District Revolving Loan Fund Committee. The committee will review the applications to determine compliance with eligibility requirements and decide whether to approve or deny loans. The review committee will meet as needed based on the loan applications received. Department of Planning and Development will inform the applicants as to whether their loan was approved or denied and administer and manage the loan program. **The goal of the committee is to review and make loan decisions in seven days of receipt of loan application. This time frame depends on having the necessary financial documents from the applicant.**

LOAN SECURITY AND COLLATERAL

Loans must be secured by collateral sufficient to assure repayment of the loan. Acceptable security would include a mortgage on land and/or building. A personal guarantee from each major principal in the company is required. The committee may determine the need for other required security or collateral. Uniform Commercial Code (UCC's) will be filed on all business assets.

LOAN DEFAULT NOTICE

Each loan must be repaid in full by the maturity date established in the loan promissory note. Any loan not repaid in full on or before the maturity date will be considered in default. Interest rates on loan after the 18 month repayment period increase to 10% per annum. A defaulted loan will incur interest and may be assigned to a collection agency. In the event of default, the borrower will be responsible for the full amount of the loan principal, interest, collection agency fees, attorney fees and court cost.

DISCLAIMER

The City of Quincy's SBE-LF is not designed to be the primary source of assistance for affected small businesses. Loans made under this program are short-term debt loans made by the city of Quincy using public funds – they are not grants. Evidence of appropriate use of City loan funds may be required.

LOAN CLOSING PROCESS

A borrower must sign an agreement stating that the proceeds of the loan will be used only for purposes of maintaining the business (as listed above). The loan is not to be used to repay debt incurred prior to March 9, 2020 (as described above). A borrower will be required to certify the financial sources that will be used to repay the loan.

Required Documents to Sign by Applicant and/or City:

- A. Promissory Note
- B. Memorandum of Understanding
- C. Business Purpose Statement
- D. Loan Settlement Statement
- E. Assignment of Proceeds from other sources
- F. Closing Checklist
- G. Payment Coupon
- H. Mortgage documents or security instrument

Loan proceeds will be sent to the loan recipient after loan closing. City Comptroller requires approximately 10 to 14 days to issue a check.

LOAN APPLICATION: Loan application shall be completed and submitted to the Department of Planning and Development. A loan application form will be made available by the Department and on line at: <https://www.quincyil.gov/growth/economic-development/small-business-emergency-loan>
Applicants must provide detail financials as required in Section 4. Required Documentation.

FEES No fee to submit a SBE LF application. If a loan is approved attorney review, filing and recording fees shall come out of the loan proceeds.

LOAN APPLICATION SUBMISSION

Please email the following application and requested financial documents to P&D@quincyil.gov. The application and requested documents can also be mailed to

City of Quincy
c/o Planning & Development Department
706 Maine Street, 3rd Floor
Quincy, IL 62301

Please direct any questions about the loan program or the application to Chuck Bevelheimer, Planning Director, Planning & Development Department – (217) 228-4515.

MEMORANDUM OF ACTION OF DIRECTORS OF

(Company)

We, the undersigned, being the Directors of _____, an Illinois corporation, (hereinafter the “Company”) take the following actions by consent and without a meeting, as if by unanimous vote, pursuant to Section 8.45 of the Illinois Business Corporation Act of 1983, and waive all notice of a meeting pursuant to Section 7.20 of that Act:

1. We hereby determine that it is in the best interest of the Company to borrow the sum of \$10,000.00 from the City of Quincy, Illinois through its Small Business Emergency Loan program (hereinafter the “Lender”) in order to offset losses incurred by the Company as a result of self-isolation and social distancing actions taken by the public voluntarily and as directed by the Governor of the State of Illinois in response to the COVID-19 virus; and to sign, execute, and endorse all such documents as may be required by the Lender to evidence such indebtedness.

2. We further determine that it is in the best of the Company to execute a security agreement granting Lender a security interest in the following described property of the Company, to secure the payment of any indebtedness, liability, or obligation of the Company to the Lender:

ALL INVENTORY, MATERIALS, SUPPLIES, MACHINERY, EQUIPMENT, FURNITURE, OFFICE AND COMPUTER EQUIPMENT, PARTS, ACCESSORIES, ATTACHMENTS, ACCESSIONS THERETO, AND SUBSTITUTIONS AND REPLACEMENTS THEREFOR AND ANY OTHER TANGIBLE ASSET USED BY THE DEBTOR IN THE OPERATION OF THE COMPANY’S BUSINESS. TOGETHER WITH ALL ACCOUNTS RECEIVABLE, CASH AND DEPOSIT ACCOUNTS, OTHER ACCOUNT AND CONTRACT RIGHTS, CHATTEL PAPER, AND GENERAL INTANGIBLE ASSETS OWNED BY OR USED BY THE DEBTOR IN THE OPERATION OF THE COMPANY’S BUSINESS.

3. _____, as President and _____, as secretary are hereby authorized to execute the necessary Promissory Note and Security Agreement to complete such loan or loans.

Dated as of _____, 2020.

_____, Director

_____, Director

_____, Director

MEMORANDUM OF ACTION OF MEMBER/MANAGERS OF

(Company)

We, the undersigned, being all of the Members/Managers of _____, an Illinois limited liability company, (hereinafter the “Company”) take the following actions by consent and without a meeting, as if by unanimous vote, pursuant to the Operating Agreement of the Company and/or the Illinois and waive all notice of a meeting pursuant to Section 7.20 of that Act:

4. We hereby determine that it is in the best interest of the Company to borrow the sum of \$10,000.00 from the City of Quincy, Illinois through its Small Business Emergency Loan program (hereinafter the “Lender”) in order to offset losses incurred by the Company as a result of self-isolation and social distancing actions taken by the public voluntarily and as directed by the Governor of the State of Illinois in response to the COVID-19 virus; and to sign, execute, and endorse all such documents as may be required by the Lender to evidence such indebtedness.

5. We further determine that it is in the best of the Company to execute a security agreement granting Lender a security interest in the following described property of the Company, to secure the payment of any indebtedness, liability, or obligation of the Company to the Lender:

ALL INVENTORY, MATERIALS, SUPPLIES, MACHINERY, EQUIPMENT, FURNITURE, OFFICE AND COMPUTER EQUIPMENT, PARTS, ACCESSORIES, ATTACHMENTS, ACCESSIONS THERETO, AND SUBSTITUTIONS AND REPLACEMENTS THEREFOR AND ANY OTHER TANGIBLE ASSET USED BY THE DEBTOR IN THE OPERATION OF THE COMPANY’S BUSINESS. TOGETHER WITH ALL ACCOUNTS RECEIVABLE, CASH AND DEPOSIT ACCOUNTS, OTHER ACCOUNT AND CONTRACT RIGHTS, CHATTEL PAPER, AND GENERAL INTANGIBLE ASSETS OWNED BY OR USED BY THE DEBTOR IN THE OPERATION OF THE COMPANY’S BUSINESS.

6. _____, _____, and _____, as Member/Managers are hereby authorized to execute the necessary Promissory Note and Security Agreement to complete such loan or loans.

Dated as of _____, 2020.

_____, Member

_____, Member